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**U.S. CONVICTS FIVE IN MASSIVE \$700 MILLION
INTERNATIONAL METALS TRADING BANK FRAUD
AND MONEY LAUNDERING SCHEME;
ANNOUNCES GUILTY PLEAS OF NINE OTHERS**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York and PASQUALE D'AMURO, the Assistant Director In Charge of the New York Field Office of the FBI announced the conviction in Manhattan federal court late Wednesday of five defendants - HENRY CHU, JOSIELYNN SALUMBIDES, a/k/a "Lynn Salumbides," NAINA CHITRODA, MANOJ NIJHAWAN, and ASHOK SHAH - for their participation in a sophisticated international scheme to defraud banks worldwide (including J.P. Morgan Chase & Co., Fleet National Bank, PNC Bank, N.A., KBC Bank, N.V., Hypo Vereins Bank, N.A., Dresdner Bank Lateinamerika AG, China Trust Bank, and General Bank) of more than \$700 million, and to launder the fraudulently obtained money, in connection with hundreds of sham brokered metals transactions.

The defendants were convicted by a jury after a three and a half week trial before United States District Judge Richard M. Berman. One defendant, SANJAY ROHIRA, was acquitted by the jury after trial.

Mr. KELLEY also announced the unsealing of the guilty pleas of ANIL ANAND and JASPREET BASRA, a/k/a "Soniya," other participants in the fraud. These defendants, along with NARENDRA KUMAR RASTOGI, UMESH MEISURIA, PRAVEEN SHARMA, SHAZIA SATTAR, a/k/a "Shazi Sattar," KAUSHIK AMIN, AMIT NANGIA, and UDHAY SHANKAR BALAKRISHNA, a/k/a "Udhay Shankar," previously pleaded guilty to related charges.

The evidence at trial established that the defendants were involved in a far-reaching scheme to defraud a number of major U.S. and foreign banks by fraudulently inducing them to issue hundreds of millions of dollars in loans. Allied Deals, Inc., Hampton Lane, Inc., SAI Commodity in the United States and RBG Resources in the United Kingdom (collectively, the "Allied Deals companies") purported to be in the business of brokering trades in non-ferrous metals. The Allied Deals companies were controlled by NARENDRA KUMAR RASTOGI in the United States and his brother VIRENDRA RASTOGI in the United Kingdom.

According to the evidence at trial, as part of their business, the Allied Deals companies purportedly would arrange for metal sales between arms-length buyers and sellers of metal.

Purportedly to finance those metals sales, the defendants then would arrange for loans with banks, which loans usually were to be repaid after 180 days. As collateral for the loans, the banks relied on Allied Deals' accounts receivables - that is, the money that Allied Deals was due from the purported customers for the purported metal transactions - expecting that the loans would be repaid when the purported customers repaid Allied Deals for the metal that had been purchased.

The evidence at trial established that the hundreds, if not thousands, of metal transactions upon which the loans were based simply did not exist. The evidence showed that the defendants in fact had set up and controlled an elaborate network of hundreds of sham, nominee companies around the world (which they called "group companies") to serve as sham purchasers of metal from Allied Deals, so that the defendants then could obtain loans from the Victim Banks, purportedly to finance the metal transactions with the sham customers.

The evidence showed that, among other things, the defendants and their co-conspirators used loan proceeds from one Victim Bank to make the loan payments required by another Victim Bank, while concealing that (i) the newly-issued loans were not being used to fund actual, arms-length metal transactions (contrary to the purported purposes of the loan) and (ii) the money used to pay off the loans had not been provided by the

buyers of metal in bank-financed sales.

The evidence at trial detailed, among other things, efforts by the defendants to create a facade that sham, controlled customers were in fact real, independent metals companies with actual employees and offices and with no ownership or control relationship with the defendants. Among other things, the defendants, many of whom were Allied Deals customers, established offices and phone lines for the sham companies, arranged for fake letterhead and bank accounts, and were prepared to field calls from bankers or auditors. The evidence at trial established that defendants HENRY CHU, LYNN SALMUBIDES, NAINA CHITRODA, and ASHOK SHAH helped establish and maintain a number of these sham companies in the United States.

The evidence at trial also established that the defendants furthered the scheme by forging many of the documents that the banks required in order to obtain loans. For example, the documentation department of Allied Deals, headed by defendant NAINA CHITRODA, would create fake purchase contracts in-house at Allied Deals' office in New Jersey, cut and paste the signatures of the purported customers, and then fax the documents between fax machines at Allied Deals, in order to make it appear that the documents had come from overseas.

The evidence at trial established that the defendants repeatedly would ship the same metal between multiple customers

at different ports around the world, using each purported metal transaction to support an additional loan. To increase the declared value of the metal being shipped (and the amount of each loan), LYNN SALUMBIDES, who was in charge of shipping for Allied Deals, also would falsely represent on the bill of lading the type of metal in a particular container - stating, for example, that a particular container contained an expensive metal, such as cobalt, when it in fact contained a cheaper metal, such as lead.

The evidence also established that, in the Spring of 2002, several of the defendants in the United States were assigned the task of fielding telephone calls from auditors or bankers, while posing as a representative of one or more of the sham companies in the United States. To facilitate this effort, the co-conspirators obtained a number of cellular telephones, each of which was assigned to a particular sham company. A number of the defendants then fielded calls from bankers, falsely assuring the bankers that the amounts due would be repaid.

According to trial evidence, in March 2002, one of the auditors of RBG Resources in London traveled to Hong Kong in an effort to determine whether several of the purported customers were connected in any way with each other or with the Allied Deals companies. In an effort to keep up the facade that the

Hong Kong customers were real metals traders, independent of the Allied Deals companies, defendant HENRY CHU traveled from New Jersey to Hong Kong, where he met with the auditor and falsely posed as an employee of the Hong Kong company.

CHU, SALUMBIDES, CHITRODA, NIJHAWAN, and SHAH were all found guilty of (i) conspiracy to commit bank fraud, mail fraud, and wire fraud and conspiracy to commit money laundering, and (ii) conspiracy to commit money laundering. Defendant SALUMBIDES also was found guilty of bank fraud.

According to the evidence at trial and the Superseding Indictment:

(a) NARENDRA KUMAR RASTOGI was the Chief Executive Officer of the Allied Deals companies;

(b) GAYATRINATH was the Executive Director of Corporate Strategy and the Legal and Administration Counsel of the Allied Deals companies;

(c) CHU was the Operations Manager of the Companies and the Chief Operating Officer of one of the sham customers, World Trading Corporation;

(d) SALUMBIDES was the Traffic Manager for the Allied Deals companies, in charge of making arrangements for the physical shipment of metal;

(e) CHITRODA was the Documentation Manager for the Allied Deals companies;

(f) NIJHAWAN was the Deputy General Manager of Allied Deals;

(g) NIKHIL RASTOGI was an employee of one or more of the Allied Deals companies, working in the accounting and documentation departments, and at times held himself out as a representative of one of the Allied Deals companies' sham customers, Universal Metal;

(h) MEISURIA was an employee of one or more of the Allied Deals companies, responsible for preparing financial statements and other accounting, and at times permitted his residence address to be used as the address of the corporate headquarters of one of the Allied Deals companies' sham customers, Esrod Metals;

(i) SHAH held himself out as an officer of two of the Allied Deals companies' sham customers, LA Metals and LA Commodities;

(j) SHARMA held himself out as an officer of two the Allied Deals companies' sham customers, Garden State Commodities and Jersey Atlantic;

(k) ROHIRA held himself out as an officer of two of the

Allied Deals companies' sham customers, Esrod Metals and Sun Metal;

(l) SATTAR was an employee of the Allied Deals companies and, at times, held herself out to be a representative of the Allied Deals companies' sham customers, Jersey Atlantic;

(m) AMIN was the Public Relations Officer of one or more of the Allied Deals companies and held himself out as an officer of three of the Allied Deals companies' sham customers, Kennedy Metal, Jersey Metal and Liberty International;

(n) NANGIA was an employee of one or more of the Allied Deals companies, involved in providing accounting assistance to the Allied Deals companies; and

(o) BALAKRISHNA was the Treasurer of Allied Deals, until his resignation in or about January 2002.

NARENDRA KUMAR RASTOGI, age 49, of Guttenberg, New Jersey, has been detained since his arrest in May 2002; GAYA GAYATRINATH, age 58, resided in Piscataway, New Jersey until in or about May 2002; HENRY CHU, age 52, lives in Parlin, New Jersey; JOSIELYNN SALUMBIDES, age 43, lives in Jersey City, New Jersey; NAINA CHITRODA, age 55, lives in North Brunswick, New Jersey; MANOJ NIJHAWAN, age 45, lives in Edison, New Jersey; NIKHIL RASTOGI, age 29, lived in Piscataway, New Jersey until in

or about May 2002; UMESH MEISURIA, age 34, lives in Plainsboro, New Jersey; ASHOK SHAH, age 34, lives in Los Angeles, California; PRAVEEN SHARMA, age 48, lives in Jersey City, New Jersey; SANJAY ROHIRA, age 39, lives in Edison, New Jersey; SHAZIA SATTAR, age 33, lives in Edison, New Jersey; KAUSHIK AMIN, age 49, lives in Jersey City, New Jersey; AMIT NANGIA, age 28, lives in Somerset, New Jersey; and UDHAY SHANKAR BALAKRISHNA, age 29, lives in Piscataway, New Jersey.

Arrest warrants have been issued for two of the defendants, GAYA GAYATRINATH and NIKHIL RASTOGI, who remain at large.

The defendants each face a maximum sentence on the count of conspiracy to commit bank fraud, wire fraud and mail fraud of five years' imprisonment and the greater of a \$250,000 fine or twice the gross gain or loss; the defendants each face a maximum sentence of 20 years' imprisonment and the greater of a \$500,000 fine or twice the gross gain or loss on the conspiracy to commit money laundering count; SALUMBIDES and RASTOGI each faces a maximum of 30 years' imprisonment and the greater of a \$1 million fine or twice the gross gain or loss on each bank fraud count. SALUMBIDES was found guilty on one count of bank fraud; RASTOGI pleaded guilty to twenty-eight counts of bank fraud.

Judge Berman previously sentenced AMIT NANGIA to 18 months in prison and UMESH MEISURIA to 12 months and one day imprisonment.

Judge Berman scheduled the sentencing of KAUSHIK AMIN, UDHAY SHANKAR BALAKRISHN, HENRY CHU, JOSIELYNN SALUMBIDES, NAINA CHITRODA, MANOJ NIJHAWAN and ASHOK SHAH on various dates in July and August, 2004.

Mr. KELLEY said the investigation is continuing.

Assistant United States Attorneys MARCUS A. ASNER and DANIEL R. MARGOLIS are in charge of the prosecution.

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